

## SCHEDULES

### SCHEDULE 14

#### LEASES: CHANGES TO ACCOUNTING STANDARDS ETC

#### PART 3

#### CHANGES TO ACCOUNTING STANDARDS AND TAX ADJUSTMENTS

##### *Corporate interest restriction: treatment of certain adjustments*

- 19 (1) Sub-paragraph (2) applies if—
- (a) an amount is brought into account for corporation tax purposes for a period of account beginning on or after 1 January 2019 as a receipt or expense treated by any of the change of accounting policy provisions as arising to a company which is a lessee,
  - (b) the receipt or expense is treated as arising to the company in consequence of a change of accounting policy relating to a lease in respect of which the company is the lessee,
  - (c) under the old accounting policy, the lease fell to be treated as a finance lease in the accounts of the company, and
  - (d) under the new accounting policy, the lease would fall to be treated as a right-of-use lease in those accounts but for—
    - (i) the short term of the lease, or
    - (ii) the low value of the leased asset.
- (2) For the purposes of Part 10 of TIOPA 2010 (corporate interest restriction)—
- (a) if the amount is brought into account as an expense, “tax-interest expense amount” (see section 382 of that Act) does not include that amount;
  - (b) if the amount is brought into account as a receipt, “tax-interest income amount” (see section 385 of that Act) does not include that amount.
- (3) This paragraph has effect in relation to adjustments to which the financial statements of a worldwide group are treated by section 426 of TIOPA 2010 (changes in accounting policy) as subject in the same way as it has effect in relation to adjustments made under the change of accounting policy provisions by a company and accordingly—
- (a) if the amount is brought into account as an expense, “relevant expense amount” (see section 411(1) of that Act) does not include that amount;
  - (b) if the amount is brought into account as a receipt, “relevant income amount” (see section 411(2) of that Act) does not include that amount.
- (4) In this paragraph—
- “the change of accounting policy provisions” means Chapter 14 of Part 3 and sections 261 and 262 of CTA 2009 (adjustment on change of basis), and

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*Status: This is the original version (as it was originally enacted).*

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“right-of-use lease” has the meaning given by section 494 of TIOPA 2010 (other interpretation).